


# Sustainable practices for smallholders in oil palm: challenges and opportunities




Symposium  
September 2011


# Outline

- Facts on oil palm smallholders
  - Smallholder issues commonly heard
  - Palm Oil Producer Support Initiative – POPSI
  - Conclusion
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# Facts on palm oil smallholders

- Six million directly employed, of which half in Indonesia
  - ‘Tied’ vs ‘Independent’ smallholders
  - Produce 20–30% of global output on 40–50% of planted area
  - Median planted area 2–4 hectares, average yields 2–3 t/ha
  - Oil palm is not a traditional smallholder crop outside West Africa...
  - ...and in West Africa there is hardly any access to modern technology and planting material
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# Is it really so difficult for smallholders?

- Well, it depends
  - Focused sub-national comparisons highlight differentiation
  - To talk in general terms is of limited value
    - Equivalent institutions across a country respond in different ways via causal mechanisms
  - linking state policy, local regimes, corporate strategies and how change is interpreted locally all create different outcomes
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# Smallholder issues commonly heard

- **Land tenure issues**
    - Certifikasi Hak Milik (Land certificates)
  - **Agro-economic issues**
    - Harga Pupuk (Fertiliser prices)
    - Lack of guidance/help on farming
  - **Infrastructure issues**
    - Kondisi Jalan (Road conditions)
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# Smallholder issues commonly heard

- **Supply chain (governance) issues**
    - Janji yang tidak terpenuhi oleh perusahaan (Company promises not met / misunderstanding)
    - Sistem pola yang tidak adil (unfair scheme arrangements)
    - Petani berdasi (literally ‘farmers wearing ties’)
    - Bapak angkat to mitra benaran (Role of Cooperatives)
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# Conclusion

- Finance: Provision of advice and training to smallholders a key
  - In *general*, more efficient land use is a win-win situation
  - Developed countries setting 100% CSPO import targets (Germany, Netherlands) need to be helping smallholders now prepare for this
  - Supply chain partners need to be doing more as part of voluntary and governance obligations
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# Solidaridad



**RSPO**  
Roundtable on Sustainable Palm Oil

**RTRS**

**BONSUCRO**

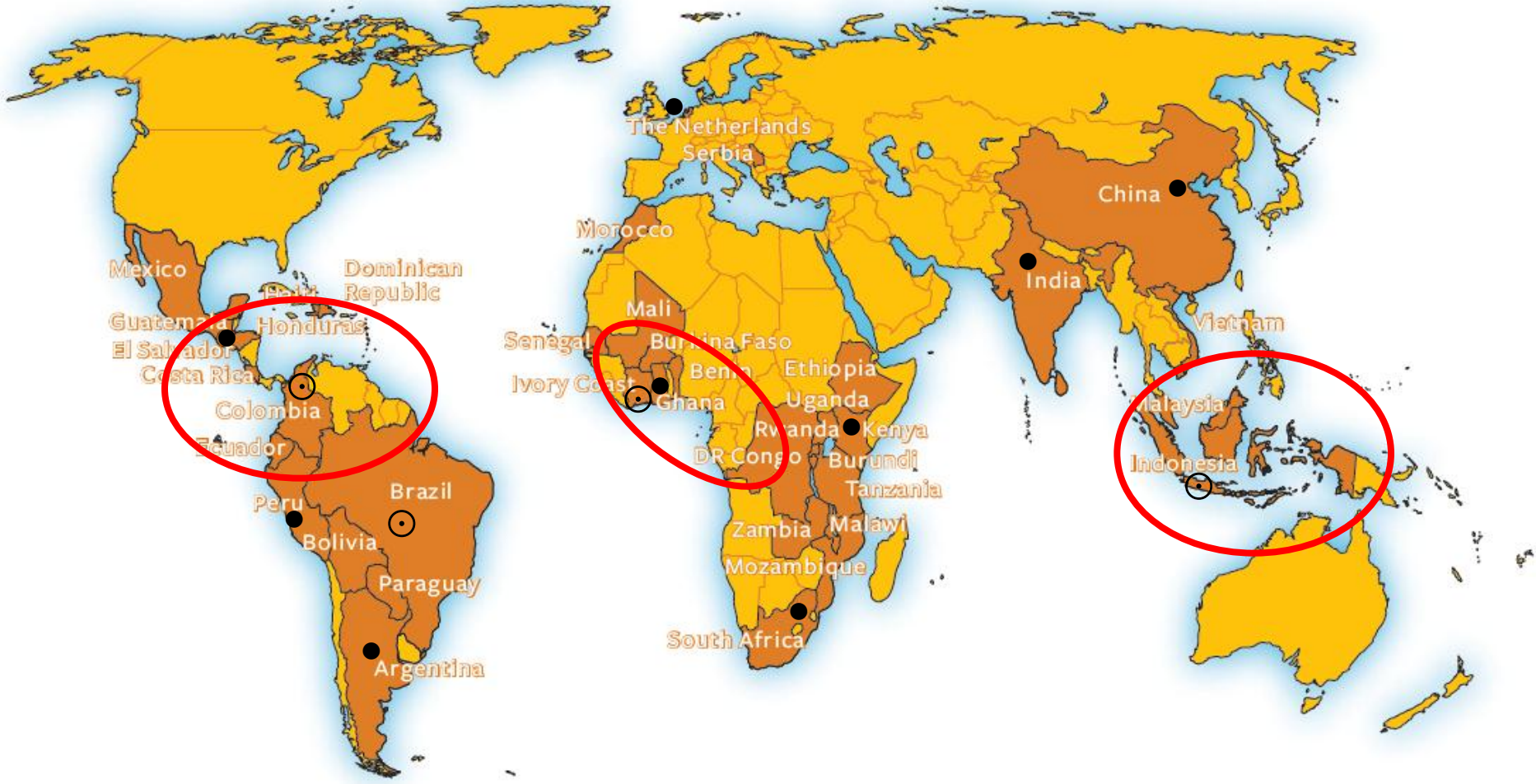
**BCI**

## Supply chain initiatives Solidaridad

- 1988: Max Havelaar; fair trade (coffee, fruits)
- 1995: Fairtrade Labeling Organization (global)
- 1996: Oké banana (fair trade-organic)
- 1999: Kuyichi (sustainable fashion)
- 2002: UTZ Certified; CSR label (coffee, tea, cocoa)
- 2006: RTRS; Responsible Soy
- 2008: membership RSPO; Sustainable Palm Oil
- 2009: Bonsucro; Better Sugarcane Initiative
- 2010: BCI; Better Cotton Initiative

Solidaridad network organization:

- Regional Expertise Centers
- Country offices in palm oil regions



Coffee



Cotton



Textiles



Fruit



Cocoa



Soy



Palm oil



Sugarcane



Biomass



Tea



# Solidaridad



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- Netherlands
- Belgium
- Luxemburg
- France
- Switzerland

- Finland
- Sweden
- Denmark
- Germany
- United Kingdom
- Italy

**Solidaridad Netherlands**  
 Head office: Utrecht ★  
 Active in all continents

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**Solidaridad West Africa**  
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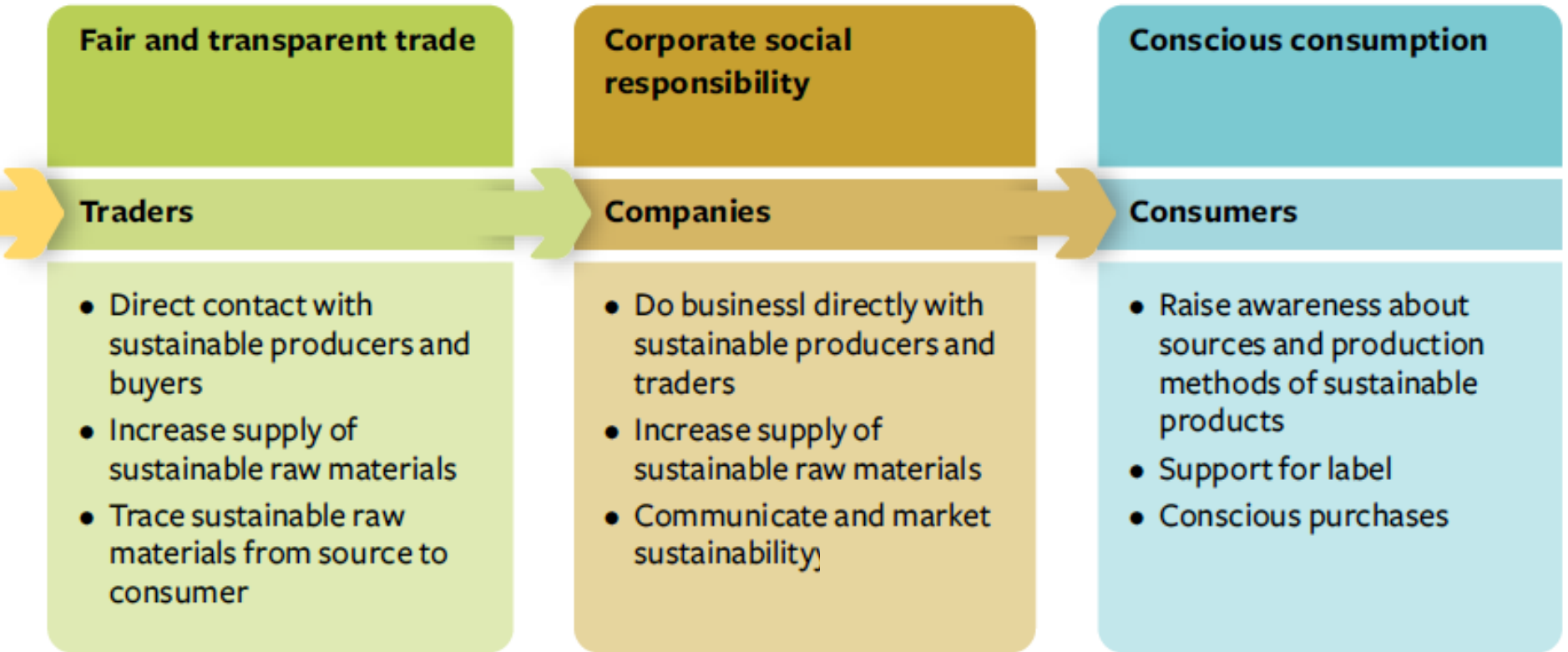
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# Solidaridad approach



# POPSI program

- Set up by Solidaridad for RSPO members
  - Support small farmers and farm workers to apply good practices according to RSPO
  - With technical support, farmers can improve their skills on soil, crop and pest management
  - In 2010, POPSI was active in Indonesia, Malaysia, Papua New Guinea, Ghana, Brazil and Colombia
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# Tribal communities and workers, Sarawak



- 100 tribal community smallholders
- 1,500 plantation workers
- 2,000 ton smallholder CPO; est. ~ 200 ton PKO
- Linkage to Keresas: RSPO-certified palm oil mill with intl. clients

# Palm oil smallholders, Ghana




- With POPSI support, 5,500 farmers with 13,000 ha are trained
- First 500 certified in 2011, rest in 2012/13
- Linked to RSPO member GOPDC
- Total current output ~3,000 tons PKO, not all from smallholders
- 3 more mills w/outgrowers potentially interested

# Cooperative and smallholders, Honduras



- Cooperative with 120 members and 500 family farms totaling 7,000 ha are supported to meet RSPO by 2013
- Approx 2,000 ton PKO
- Another 4,000 ha under development with another mill
- Unilever indicated to buy CPO from 2012

# POPSI open for applications

- For RSPO members
  - Preferably in supply chain consortium
  - Benefits to smallholders and/or workers
  - 1–3 year projects
  - 40% cofunding by POPSI of overall budget
  - In-kind applicant / supply chain contributions acceptable under some conditions
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# Solidaridad

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